

ORDER NO. 4141

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Mark Acton, Vice Chairman;  
Tony Hammond; and  
Nanci E. Langley

Periodic Reporting  
(Proposal Nine)

Docket No. RM2017-13

NOTICE OF PROPOSED RULEMAKING ON ANALYTICAL PRINCIPLES USED IN  
PERIODIC REPORTING (PROPOSAL NINE)

(Issued October 3, 2017)

I. INTRODUCTION

On September 29, 2017, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports and compliance determinations.<sup>1</sup> The Petition identifies the proposed analytical method changes filed in this docket as Proposal Nine.

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Nine), September 29, 2017 (Petition).

## II. PROPOSAL NINE

*Background.* The Postal Service proposes to change the current City Carrier Cost System (CCCS) methodology for estimating Delivery Point Sequence (DPS) volume proportions. Petition, Proposal Nine at 1. Presently, the Postal Service collects similar mail characteristic data, such as class and product data, for two different systems: CCCS and Origin-Destination Information System – Revenue, Pieces, and Weight (ODIS-RPW). *Id.* at 1-2. CCCS data are used primarily to distribute costs to products delivered by city letter routes. ODIS-RPW data are used to estimate volume and revenue.

Currently, the Postal Service collects CCCS mail characteristics data manually. See *id.* at 3. In contrast, the Postal Service collects ODIS-RPW mail characteristics data from digitally captured images of letter and card shaped mail.<sup>2</sup> The Postal Service states that the ODIS-RPW digital sampling method includes approximately 93 percent of CCCS sampled city letter routes. Petition, Proposal Nine at 2.

*Proposal.* The Postal Service proposes a methodology change to CCCS data collection procedures for Delivery Point Sequenced (DPS) mail. *Id.* at 1. The Postal Service seeks to use the ODIS-RPW digital data to enhance CCCS data for DPS mail destined for delivery by city letter routes. *Id.* at 2. The Postal Service explains that the proposal would eliminate the need to manually sample 93 percent of DPS mail for CCCS data collection purposes. *Id.*; see *id.* at 3. The Postal Service states that it would continue to manually sample mailpieces destined for city letter routes not included in ODIS-RPW's digital data collection, approximately seven percent of city letter routes. *Id.* at 3.

*Rationale and impact.* The Postal Service states that the proposal would enhance the CCCS estimation of delivered DPS volumes. *Id.* The Postal Service explains that the “automated, systematic method of collecting images of DPS letters and cards” would reduce the risk of undetected sampling errors. *Id.* Additionally, the Postal

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<sup>2</sup> *Id.* at 2; see Docket No. RM2015-11, Order No. 2739, Order on Analytical Principles Used in Periodic Reporting (Proposal Three), September 30, 2015.

Service notes that data collectors and their supervisors are able to review and analyze the ODIS-RPW data because the system retains the data for 30 days. *Id.* at 3-4. The Postal Service also explains that the proposal would increase the number of DPS sampled mailpieces by approximately 400 percent and the number of CCCS tests by approximately 300 percent. *Id.* at 4.

The Postal Service discusses the likely effects of the proposed methodology change on product volume distribution and unit costs. *Id.* at 4-5. Based on these estimates, the Postal Service indicates minor differences in product volume distribution between the current and proposed CCCS methodologies. *Id.* at 4. These estimates also indicate that using ODIS-RPW digital data for DPS mail destined for city letter routes would result in very small estimated changes in unit costs or would leave unit costs unaffected. *Id.* at 4-5.

### III. NOTICE AND COMMENT

The Commission establishes Docket No. RM2017-13 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Nine no later than November 21, 2017. Pursuant to 39 U.S.C. 505, Lyudmila Y. Bzhilyanskaya is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. RM2017-13 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Nine), filed September 29, 2017.

2. Comments by interested persons in this proceeding are due no later than November 21, 2017.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Lyudmila Y. Bzhilyanskaya to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Stacy L. Ruble  
Secretary